



## *City of Miami Springs, Florida*

The Miami Springs City Council held a **WORKSHOP MEETING** in the Council Chambers at City Hall on Tuesday, August 8, 2006, at 7:30 p.m.

### **1. Call to Order/Roll Call**

The following were present:

Mayor Billy Bain  
Vice Mayor Xavier Garcia\*  
Councilman Bob Best  
Councilman Paul C. Dotson

Absent:

Councilman Rob Youngs

\* Arrived at 7:47 p.m.

Also Present:

City Manager James R. Borgmann  
Assistant City Manager Ronald K. Gorland  
Chief of Police H. Randall Dilling  
Finance Director William Alonso  
I. T. Manager Jorge Fonseca  
Human Resources Director Loretta M. Boucher  
City Planner Richard E. Ventura  
Interim Public Services Director Robert Williams  
Elderly Services Director Karen Rosson  
Golf Director Mike Aldridge  
City Clerk Magali Valls

### **2. Invocation:** Councilman Dotson offered the invocation.

**Salute to the Flag:** The audience participated.

### **3. Budget Alternatives – Councilman Dotson**

Councilman Dotson stated that he hopes to give the people of the City a decent tax reduction that they can feel and see. He distributed the following sheet that he prepared as a guide to show his ideas for reducing the budget in order to be able to have a sizable tax decrease:

#### Budget Workshop for 2006/07- Tax Cuts

The following are some of the sources of money from which a meaningful tax cut can be derived:

\$300,000	- This year's subsidy for the Golf Course, not required next year
\$230,000	- Savings from Water Sewer subsidy not used this year
\$278,903	- \$778,903 was used for hurricane cleanup this year. \$500,000 has been put into a contingency fund for this year's hurricanes.
\$115,000	- Purchase of generators that will not be repeated for many years
<u>\$616,541</u>	- New revenue from 11.7% increase in taxable valuations
\$1,540,444	

Councilman Dotson stated that the sum of \$1,540,444 would provide for increases in expenditures and tax cuts. He reiterated that these are some of the sources that would make a tax reduction possible.

In the last two years, the City has spent \$1,253,699 to subsidize golf course operations, according to Councilman Dotson.

The following are some of the new proposed expenditures that have been placed in next year's budget. This is where Council should decide whether or not to spend this money or give it back to the people in a tax cut:

\$100,000	- Proposed for the hiring of a lobbyist/PIO/grant writer
\$100,000	- Paving part of the median on Curtiss Parkway to make a parking lot
\$ 60,000	- Proposed for new roof for gym that should be included in the renovation of the gym
\$ 30,000	- Proposed to buy a new pool cover (can continue with present cover for another

year)

- \$ 15,000 - Proposed to buy a trailerable fuel tank for generators
- \$ 4,000 - Proposed purchase of cement mixer
- \$117,000 - Purchase of a spare crane for the Sanitation Division that already has a high cost problem
- \$ 25,000 - Proposed increase in Professional Services for Planning Department from \$50,000 to \$75,000
- \$115,000 - Proposed addition of two recreation leaders
- \$566,000

Councilman Dotson said that these budget items are not everything to contemplate and there could be other items that could be challenged or altered. It seems very important to give serious consideration to the way the wage and salary awards are made because increases are seven, eight, nine and ten percent, while other people who work for private companies are getting raises of three and four percent and that the City's increases seem improper and extravagant.

Councilman Dotson stated that considering all positions, except for police, golf course and top managers that Council would be discussing, the increases would average 9.21% for twenty-three people. If the average increase was 5%, the City would pay approximately \$60,000 less. He said that the figure includes salaries, federal payroll taxes, worker's compensation, and pension contribution increases and there are probably other benefit costs that would push this figure even higher.

Councilman Dotson said that he would always be for seeing that the City employees are paid fairly and he would like to recognize and reward outstanding performance. He would like to see that the system that is employed adequately serves the citizens as well. In his opinion, the wage and salary system should be revised and improved.

Councilman Dotson stated that in order to reach the 7.1 millage rate, that \$587,000 in reductions must be identified in the figures that Council received from the City Manager. He added that a 7.1 rate would approximate a 10% reduction in the property taxes, which would be a reduction that the people could see and feel.

#### **4. Workshop on Proposed Fiscal Year 2006/2007 Budget:**

##### **I. Opening Remarks by City Manager James R. Borgmann**

City Manager Borgmann stated that the Administration would review all the issues pointed out by Councilman Dotson and come back with a response.

The City Manager said that he would read a statement from his friend Michael Roberto who was the former City Manager of the City of North Miami Beach who recently passed away due to cancer. He read the following quote that was in the obituary that was published in the Miami Herald:

*“For all the complaining about government and the cynicism that it creates, I have seen the other side. I have witnessed men and women doing great things when common sense and purpose come together. We degrade government without a true understanding that it is ourselves that we criticize.”*

City Manager Borgmann stated that he is guilty from time to time when he criticizes the state or federal government. He suggested that everyone should take this quote to heart when moving through the budget process and take a common sense approach with a purpose of working together and moving the City forward.

City Manager Borgmann said that to help foster a greater understanding of the government, the question should be asked, “What is a governmental budget?” He explained that a governmental budget is a balanced fiscal plan with built-in flexibility that describes the services the City would provide to the residents and the projected costs associated with providing those services at the highest possible level within the available revenues.

Mr. Borgmann stated that flexibility is a key element of a governmental budget as unexpected needs arise during the year. He explained that hurricanes, fuel increases, increases in goods and services dependent on oil prices, subsidies in excess of budget to the hurricane fund and the mid-year creation of a Golf Department were a few of the major unfunded issues that the Administration dealt with. He was of the opinion that each issue was handled in a superior fashion due to the fact that the Administration and Council practice frugal financial responsibility.

City Manager Borgmann acknowledged that large purchases were approved and every dollar that was spent was done because it was perceived to be in the best interest of the City and the residents. The Administration tries to provide the best available information upon which Council makes the decisions. The collective credibility and success rests on the information and the decisions that are made together.

Mr. Borgmann commented that the City has changed over the past twenty years since he first became an active participant in the government. The demographics have changed, the housing values have increased significantly and the infrastructure has aged and been neglected for years. The City owns the Golf Course and Country Club that has cost millions to support over the last eight years. The hurricane fund was literally gutted and the cash reserve remains static.

City Manager Borgmann stated that personnel costs have escalated due to the cost of insurance, pensions, cost of living increases and basic salary levels in order to attract and retain qualified staff. He said that the full-time workforce has decreased over the last ten years from 147 employees to the proposed 139 in the budget. City Manager Borgmann explained that part-time personnel were hired in several areas that are not burdened by pension or insurance costs and this was one way of reducing the number of employees. He added that 63% of the General Fund budget is personnel related.

Council assigned the Administration the task of proposing new projects that will demand future funding, according to Mr. Borgmann, and the Recreation Master Plan is a good example. He said that the plan is not addressed with any funding in the proposed budget, although there is \$75,000 set aside for a new roof for the gym and termite treatment. He felt that the \$75,000 would be better spent on a new facility, but if Council does not wish to move forward with the Master Plan, it is imperative to move forward with the repairs.

City Manager Borgmann stated that Council directed the Administration to move forward to look into the possibility of increasing parking in the Downtown Circle area and \$100,000 is included in the proposed budget to reflect an estimate for the project.

City Manager Borgmann stated that the 7.7153 tentative millage rate that was approved by Council was a target that basically kept the same amount that a typical homeowner paid last year. He distributed a chart that was displayed on the overhead projector showing the comparison of the taxes based on this year's total millage rate against the proposed millage rate for 2006/2007.

Mr. Borgmann explained that a \$150,000 home with \$25,000 homestead exemption, at this year's total millage rate of 8.3415, paid taxes of \$1,042.69 and the same home under the proposed budget with a 3% increase in property value would realize an increase of \$7.64. A \$500,000 home under the same scenario would actually pay \$11.98 more. He said that the new senior citizen discount would save the average qualified senior \$192.00.

City Manager Borgmann said that it is extremely important to remember that the property taxes do not cover all the expenses and the ad valorem tax revenue accounts for only 57% of the total budgeted revenues. He added that the Police and Public Works budgets total 57% of the budget,

which does not include water and sewer, sanitation, stormwater or recycling.

Mr. Borgmann stated that the good news is that if the City is successful in having the County take over the Water and Sewer department, the average residential customer should see a decrease in their average bill of \$550.00 annually. This savings would be equal to a reduction in the millage to 5.7 mills. He added that the transfer of the system would not affect the General Fund and the Administration firmly supports the transfer, incumbent upon the County assuming the bond issue.

City Manager Borgmann said that Council was presented with a well-thought out budget that provides services to the residents at a level of quality they deserve and have come to expect. The proposed millage rate only accounts for \$500,000 to the Hurricane Fund and no increase to the fund balance.

City Manager Borgmann encouraged Council to make comments or ideas for reducing costs or improving services as they review each of the departmental budgets. He said that the Administration would also present cost-cutting ideas to Council for consideration. The recommendation is to put aside any "cuts" toward the hurricane contingency and the fund balance.

City Manager Borgmann stressed that the Administration considers themselves partners with Council, not adversaries, and partnerships create "win-win" situations. He hopes to do great things for Miami Springs and bring common sense and purpose together to that end, which is certainly the intent of the proposed budget.

Finance Director William Alonso indicated he wished to respond to comments made at the July 27, 2006 Special Meeting, as follows:

*"During the millage setting meeting of July 27, 2006, Councilman Dotson made certain statements about the City misrepresenting to him the plan for outsourcing of the fleet services. Additionally, he requested information about what the City is doing to control worker compensation claims. Please note the following:*

*Fleet Costs: Although I personally addressed the fleet services issue on various occasions during our budget workshops last year as can be seen in the minutes attached (see attachment D and E) dated August 15, 2005 and October 10, 2005, I will again provide Council the details of this issue:*

*Please refer to Attachment A which are verbatim minutes of the July 27, 2006 millage setting meeting, Councilman Dotson states "He felt that the plan was posed to him was misrepresented because the City did not save \$300,000". I would refer you to attachments D & E which are*

*minutes of the August 15, 2005 workshop and the October 10, 2005 council meeting, at no time did I or the Public Services Director ever state a savings of \$300,000.*

*Council was advised that the four positions in fleet services would be eliminated and that these employees would fill open vacant positions within Public Works. This created a net reduction in staff for the year from 143 to 139.*

*Please refer to Attachment C "Personnel Comparison" report which shows the total number of full time employees for all departments. The FY05-06 column shows that the City reduced the number of full time equivalents from 143 in FY04-05 to 139 in FY05-06 due in part to the elimination of 4 positions in the fleet services division.*

*The three employees displaced by outsourcing the fleet maintenance services took open vacant positions within Public Works as is their right as civil service employees and is within the requirements of the Fair Labor Standards Act. The City held vacant certain positions so that when the outsourcing service was approved by Council, those employees could remain with the City by filling these vacancies without bumping less senior employees. The net effect of this decision was the elimination of four positions without disruptions to our workforce. This policy is an excellent way to keep loyal employees, build up employee morale within the City, and comply with labor laws and regulations.*

*If you would refer to Attachment D Page 1, the Public Services Director clearly states that the net effect of this plan is an increase of \$395 per month to contract with the Company. This clearly states that this plan would actually cost the City \$4,800 more per year, not create a savings of \$300,000. In fact, after one year of the program our total fleet costs are decreasing.*

*Referring to Attachment B "Analysis of Fleet Maintenance Costs" please note that the total costs incurred by the City in FY2004-2005 for fleet maintenance was \$433,302. This was the last year that these services were being performed in-house.*

*For FY2005-06, under the outsourcing model, the projected year end total will be \$364,900 or an almost 16% decrease from the prior year. The total budgeted fleet maintenance costs for FY2006-07 is \$340,891 which represents a decrease of 21.3% from the FY04-05 (the last year this service was done in-house) and 7% decrease from FY05-06. It is important to note that a significant part of the increase in the past two years are in sanitation and is due to the major repairs required by the old sanitation trucks before the new trucks were received.*

*The expertise provided by the outside contractor is an important factor for the overall decrease*

*in maintenance costs. Their experienced mechanics have been able to provide a higher level of efficiency and productivity than the City could achieve with an in-house operation. In addition, one of the departments that has historically incurred worker compensation claims has been fleet maintenance. By outsourcing this service, we helped eliminate any possible future claims thus helping to reduce future premium increases.*

*This outsourcing model was a good decision by Council and the Administration at the time, and one year later, it is still a good decision with the expected benefits being realized.*

***As your Finance Director, I would be in violation of my ethical and fiduciary responsibilities if I were to misrepresent or misinform Council about matters that affect City finances, or allowed anyone else on staff to do so.***

*I would be the first one to inform you if outsourcing of any service will have a positive or negative impact on the City's finances.*

*Workers Compensation: Please refer to Attachment F which is a memo from Loretta Boucher the City's Human Resources/Risk Management Department Head.*

*Workers Compensation claims have decreased from 32 claims in FY03-04, to 23 claims for FY04-05 and 10 claims so far this fiscal year. Our Risk Management Office led by Loretta Boucher has done an excellent job in lowering the number of claims as well as providing safety training to departments that need it. The three most susceptible departments for workers compensation claims have been Police, Fleet Maintenance, and Sanitation. The Heart and Lung Bill which covers police officers has been a significant contributor to the increase in our costs. The Sanitation Department has historically incurred claims mainly due to the specialized service provided to our residents. (eg. Our staff actually moves the trash containers from the rear of the home to the truck for our elderly residents).*

*As all of you are aware, insurance costs (health, liability, and workers compensation nationwide are increasing at an unprecedented pace and the City of Miami Springs is not immune to this. The fact that we try to mitigate losses may have actually kept the increase at a lower percentage than if we had no mitigation plan in place.*

*I hope this information helps Council in making informative decisions, and as always, I am always available to answer any questions or concerns Council may have on any issues affecting the City's finances".*



Councilman Dotson said that he would like to comment since it seems that he is the subject of most of the criticism.

Finance Director Alonso clarified that his reply was not meant to be criticism and that he just wanted to make sure that the facts are correct.

Councilman Dotson stated that he did not want to get into a hostile situation but he wanted to point out a few things. When he spoke at the last meeting about workers compensation, he was not complaining about the Heart and Lung expenses for the Police Department but about the fact that a statement was made that the external cost factors are something over which there is no control. A review of the incidents could be beneficial for training, safety, and improving the workers compensation record.

Councilman Dotson said that Finance Director Alonso discussed what he recalled happened last year and provided incomplete minutes. He explained that he challenged and questioned what would be the savings by contracting out the fleet maintenance and the answer was that the City would save the actual amount and end up with a savings of the value of the employee positions, minus \$395.00. He asked the pointed question at that meeting, whether it is included in the minutes or not, and was told that the City would be able to operate without the positions. In October when he asked the question about the savings there was a different expression, which he did not appreciate at the time.

Councilman Dotson stated that he would do his own research and respond to Mr. Alonso's comments because the Finance Director did not make a fair characterization of what was discussed.

Mr. Alonso said that after Councilman Dotson made his comments that people asked him what he misrepresented and it created the impression that he misrepresented facts to Council. He explained that he wanted to clear up this matter.

Councilman Dotson believes that Mr. Alonso understood the question at the last meeting about the open positions. He said that the Finance Director was comparing the savings to the budget, not to actual payroll expenses. He was expecting to see a reduction of payroll. He understands the civil service regulations because Mr. Alonso had explained that there were some positions in the Finance Department that were being carried without any purpose for those positions.

Councilman Dotson stated that he did not want to make a big deal out of the issue because there is a lot of work to be done and it is not going to have any effect on the budget.

Finance Director Alonso stated that he wanted to make sure that the facts are correct.

Councilman Dotson added that it had been since October 2005 when he questioned the savings, and that Mr. Alonso should have come to him with a response a long time ago.

Finance Director Alonso clarified that he was responding to the statement that Councilman Dotson made on July 27, 2006.

Councilman Dotson responded that he made the statement because he was concerned and he still would like to know where the City stands with the contract work, whether or not it is beneficial and where the employees have gone. He said that his point was that the employees were placed in other positions last year because they were civil service status, but there were at least two people who retired since then and those employees could have possibly moved into those positions.

City Manager Borgmann clarified that the three employees in the vehicle maintenance division moved into vacant positions within the Public Works department, the four positions in the vehicle maintenance division were abolished and there was a net reduction in the payroll. He explained that only the positions were eliminated, not the people.

## **II. City Council**

Finance Director William Alonso stated that the City Council budget is 21.6% higher than the current year due to the increase in the Travel and Per Diem expenses, Machinery and Equipment, and Contractual Services.

To answer Mayor Bain's question, Mr. Alonso explained the breakdown of the expenses listed under Travel and Per Diem.

City Clerk Valls commented that the maximum amount was budgeted based on the travel expenses for all five Council members.

## **III. City Clerk**

Finance Director Alonso said that the City Clerk's budget reflects a 25.7% increase over the current year mainly due to an increase of \$30,000 in Other Contractual Services for expenses related to the municipal election, run-off election and a special election to amend the Charter. The remaining increases are related to pension, cost of living, health insurance, workers compensation and liability insurance.

Councilman Dotson asked for clarification about the overtime expense in the City Clerk's Office.

City Clerk Magali Valls stated that the Deputy Clerk works overtime working on minutes, for elections, auctions, Council packet preparation, and especially for attending advisory board meetings as she is the Secretary to the Historic Preservation Board, Education Advisory Board, Memorial Committee and Civil Service Board.

Mayor Bain requested information showing a breakdown of the number of hours of overtime in order to be able to understand the responsibilities that are covered outside of an eight-hour day.

Councilman Dotson noted an increase in salaries of approximately 10%, mostly for merit increases. He asked who determines the amount of the merit increases.

Ms. Valls said that she determines the amount of the Deputy City Clerk's merit increase and that her merit increase is up to the City Council.

Councilman Dotson said that he is interested in knowing how the merit increases are derived. He knows that there is an appraisal system for performance reviews and he would like to know if the system is being utilized because it looks like every employee is receiving the same 5%.

City Clerk Valls explained that she completes an annual performance evaluation for the Deputy Clerk every October.

Finance Director Alonso stated that all the merit increases are estimated at 5% for budget purposes because it is the maximum allowable amount, and if the increase is lower, there would be a budget savings.

City Manager Borgmann added that the Police employees have a 5% merit increase built into their contract.

Mr. Alonso clarified that not all employees are eligible for a merit increase because some are working at the top of the salary range. He said that there is no way to tell what an employee's performance evaluation is going to be ahead of time.

Councilman Dotson was of the opinion that the performance reviews should be done ahead of time so that the fixed amount could be included in the budget or the amount could be based on

historical experience.

**Mayor Bain requested a report for the next workshop meeting showing the employees that were given merit increases and the amount they received.**

**Mayor Bain requested information showing what the salary cap would be for the City Clerk if the 3.7% cost of living increase is approved.**

#### **IV. City Manager**

Finance Director Alonso stated that the City Manager's budget reflects a 5.6% increase from the current year due to personnel related costs.

To answer the Mayor's question, City Manager Borgmann explained that overtime is budgeted for his secretary who serves as the secretary to the Golf and Country Club Advisory Board.

Councilman Dotson noticed that a cost of living increase is budgeted for the City Manager, Assistant City Manager and Department Heads, which totals a large amount of dollars. He asked where the funds for the merit increases would come from if they are not budgeted.

City Manager Borgmann asked if Councilman Dotson was referring to the merit increases.

Councilman Dotson responded that he was primarily asking about merit increases or any other increases such as longevity.

City Manager Borgmann clarified that merit increases do not exist in the City Manager's Budget because his salary is determined by Council and the Assistant City Manager and the Executive Secretary are working at the top of the salary range.

To answer Councilman Dotson's question, Finance Director Alonso explained that no merit increases are budgeted for those Department Heads who are working at the top of the salary range.

City Manager Borgmann stated that the 3.7% cost of living increase (COLA) is based on the consumer price index (CPI) as of March 2006, and the figure increased to 4.5% as of June. He explained that inflationary calculations were based on 3.7% and the City is heavily dependent on fuel costs to provide services to the residents.

**Mayor Bain stated that the COLA would be discussed as an agenda item at the next workshop meeting.** He said that the 4.5% CPI should be adjusted considering that the City is paying for the employees' health insurance and 50% of the dependent coverage.

## **V. Non-departmental**

Finance Director William Alonso stated that Electricity should be \$36,850.00 instead of \$46,850.00, which is a \$10,000 savings.

Finance Director Alonso said that the Non-departmental budget includes a \$500,000 contingency for hurricanes, \$100,000 for the hiring of a grant writer/lobbyist/public information officer, and \$100,000 for the construction of a parking lot on Curtiss Parkway.

Mr. Alonso explained that subsidies from the General Fund for the Senior Center total \$164,776.00 and \$437,834.00 for the Sanitation Department. He added that \$10,000 is budgeted for the City's match for the Linear Park grant. Advertising/Promotions totaling \$35,500.00 includes \$18,000.00 for the 4<sup>th</sup> of July and the River Cities Festival and \$17,500.00 for advertising. Utility costs for City Hall totals \$36,850.00.

To answer the Mayor's question, City Manager Borgmann explained that funds from the Citizens Independent Transportation Tax (CITT) could not be utilized to fund the parking lot construction and he is looking into the possibility of utilizing Local Option Gas Tax funds.

Mayor Bain felt that a grant writer/lobbyist could dedicate their time to bring funds into the City.

City Manager Borgmann explained that the grant writer would be an outside consultant, not a City employee.

**Council requested that an agenda item be scheduled for the August 14, 2006 Regular Meeting to receive a status report on the Interlocal Agreement with Virginia Gardens.**

## **VI. Human Resources**

Finance Director William Alonso stated that the Human Resources budget shows a reduction of \$1,000 from the current year mainly due to a reduction in training and professional services.

**Councilman Dotson asked the Administration to verify the budgeted amount for General**

**Pension shows because it shows a 70.68% increase.**

**Councilman Dotson requested additional information regarding the \$29,000 budgeted for Professional Services.**

## **VII. Finance**

Finance Director William Alonso stated that the Finance Department budget reports a 3.6% decrease from the current year due to staff reductions within the department. The budget includes increases for pension, cost of living, health insurance, workers compensation and liability insurance.

## **VIII. City Attorney**

Finance Director William Alonso said that the City Attorney's budget is projected at \$109,000.

## **IX. Planning**

Finance Director William Alonso stated that the City Planner's budget reflects a 14% increase from FY2005-06 due to an increase in Professional Services for the 36<sup>th</sup> Street district boundary regulation work.

City Manager Borgmann said that the level of work involved in the preparation of the district boundary regulations would require additional outside help.

To answer Mayor Bain's question, City Planner Ventura explained that \$75,000 was budgeted for professional services because it accurately reflects the compensation that would be paid to an outside professional to develop the district boundary regulations, as well as bring about economic development. He added that there are funds included for the potential of an upcoming amendment to the Comprehensive Plan.

**Mayor Bain asked the Administration to revise the expense detail for the \$75,000 that is budgeted for Professional Services to show the cost related to amending the Comprehensive Plan.**

Councilman Dotson asked why \$19,829 is budgeted for Part-time year round salaries when

historically the amount expended has been \$8,000 or \$9,000.

Finance Director Alonso offered to provide an explanation for the part-time year round salaries.

Mayor Bain added that the Board of Adjustment paperwork is provided to the entire Council, which takes a lot of time and money to prepare. He said that it might not be necessary to provide this information unless Council sits as the Board of Appeals.

City Clerk Valls explained that the previous Council requested the Board of Adjustment information since they have to approve the actions of the board.

City Manager Borgmann stated that the expense to duplicate the plans is paid for by the applicant.

Councilman Dotson said that \$50,000 was budgeted last year for Professional Services and the request for FY 2006/2007 is \$75,000. He asked City Planner Ventura if he budgeted \$50,000 last year knowing that the amount would be insufficient.

City Planner Ventura explained that he felt that \$50,000 was sufficient in order to be able to hire a firm to develop the district boundary regulations and it was later determined that \$75,000 is more accurate. He added that \$50,000 might not be enough to hire the best firm to develop the district boundary regulations for N. W. 36<sup>th</sup> Street and the additional amount would provide more latitude when dealing with various firms.

To answer the Mayor's question, City Manager Borgmann clarified that \$53,600 was budgeted in FY 2005/2006 and \$19,107 is projected to be spent, which means that the excess funds would go into cash reserves.

Finance Director Alonso explained that the excess amount totaling \$35,000 could be taken from the fund balance at the end of the fiscal year and designated for the specific purpose of hiring a professional consultant. He said that every October a budget amendment is prepared for encumbrances that are rolled over from one year to the next.

City Manager Borgmann stated that the proposed budget is an expense budget based on the actual amount of dollars that are projected to be needed to make each department function for the next fiscal year and where the funds come from is a different issue.

Mr. Borgmann explained that only 57% of all revenue comes from ad valorem taxes and 43% of the revenue comes from other sources. He said that the Building Department is set up to be self-sufficient because the expenses are offset by collecting permit fees and those departments that

do not have a revenue stream must be supported through a multitude of revenue sources. The Planning Department collects fees for variances or appeals, which is a minor source of funds.

Mayor Bain said that Professional Services could be reduced to \$45,000, knowing that \$35,000 is in contingency.

City Manager Borgmann explained that if the funds are not encumbered they would be placed in the Contingency Fund and if the funds are needed, a budget amendment would be prepared to show the increase and the funds would be transferred into the Planning Department's budget.

City Planner Ventura stated that the boundary regulations for the Airport, Marine, Highway Business District were based on the former Mixed Use Business district and to change the existing regulations to include incentives for development would require the assistance from someone who has a greater amount of expertise in real estate and development.

Councilman Dotson stated that Council should resume working on the amendments to the Comprehensive Plan and then hire a professional to see what changes are recommended before filing the amendment. He said that if \$50,000 was a sufficient amount for last year that he could not see budgeting \$75,000 because now the process is more advanced.

Councilman Best said that he would rather budget the entire \$75,000 for Professional Services instead of amending the budget.

Mayor Bain stated that it is important to realize that City Planner Ventura did an excellent job to develop the district boundary regulations, which resulted in a savings for Professional Services, and reducing the funds in the proposed budget could limit the progress next year.

## **X. Building and Zoning**

Finance Director William Alonso stated that Building and Zoning is requesting an increase of 9% in their budget, from \$504,000 to \$549,000 with 81% of the increase coming from salaries and of that amount 58% was for the addition of a clerical assistant and the associated payroll expenses.

Mr. Alonso said that a marginal amount was for restructuring of the department by reducing one Code Compliance Officer and adding a Building and Zoning Office Manager. He explained that the changes virtually offset each other with a minimal salary adjustment. The remaining 19% of the overall increase is for new equipment purchases needed to improve customer service and nominal increases in the remaining line items due to the increased business flow in the department.



Councilman Dotson inquired about the amount budgeted for a merit increase under a vacant position and Assistant City Manager Gorland agreed that the calculation was an error.

Councilman Dotson asked if the Building Official and Inspectors were working on a fee basis.

Finance Director Alonso said that \$25,000 is budgeted for the inspectors, which was under Other Contractual Services in prior years. He explained that four of the inspectors are paid as individuals instead of companies and the Internal Revenue Service (IRS) advised the City they would have to be paid as part-time employees.

Assistant City Manager Gorland stated that he was asked to take over the management of the Building and Zoning Department when they were experiencing low morale and poor performance. He said that a change was necessary at the top level and the Building Official should actually oversee the department. When searching for a Building Official it was determined that the salary was not affordable because the amount was more than \$150,000 and a part-time person was hired.

Mr. Gorland said that the Code Compliance Officers led the charge to make the department become more resident friendly and he worked to apply the same practice in the Building Department with the administrative staff. He explained that absenteeism was high, changes were made and the Code Compliance Officers began supporting the administrative staff with customer assistance.

Assistant City Manager Gorland said that because of his other responsibilities, that he needed a person to manage the department on a daily basis. He explained that there were too many responsibilities for the two administrative assistants to handle and the business volume began to increase due to the hurricane repairs and increased property values.

Assistant City Manager Gorland added that there was an increase of approximately 55% in customer contacts during the first half of the year compared with last year and permit activity increased 21%. The total permitting inspections increased 40% and the number of customer complaints dropped dramatically.

Mr. Gorland said that the least expensive way to handle the activity was to shift one Code Compliance Officer to Office Manager to help to supervise, cover absences, vacations, and maintain the occupational licenses. He explained that the change had been tested, the City is now split into two Code Compliance sections and it is working.

Assistant City Manager Gorland stated that the Code Compliance Department is operating more uniformly and now they are revisiting the outdated Code regulations that are non-enforceable.

City Manager Borgmann explained that by promoting the Code Compliance Officer to Officer Manager that the person could also act as a liaison to the businesses because he is responsible for the occupational licenses.

Vice Mayor Garcia complimented the City Manager for his selection of department heads because they are people who lead by example.

City Manager Borgmann said that for the first time it looks like the expenses are going to exceed the permit fees due to the amount of money that is paid to have a qualified Building Official and Inspectors. He said that the Administration could bring back information showing comparisons of permit fees with other cities for consideration of an increase.

## **XI. Police**

Finance Director William Alonso stated that the budget request is approximately \$478,841 higher than last year or a 10.4% increase that is mainly attributable to the COLA increase, pension contributions, workers compensation, liability insurance, and health insurance costs. The budget contains \$10,500 in cellular telephone costs that were previously paid with Law Enforcement Trust funds.

Councilman Dotson inquired about the 41% increase in overtime expenses.

Chief of Police H. Randall Dilling said the overtime expense is difficult to calculate and it is mainly for covering positions because there is a mandatory requirement for staffing on every shift. He explained that when an officer calls in sick the position is filled by an officer who is paid eight hours overtime, which is mandated by contract.

To answer Councilman Best's question, Chief Dilling clarified that special pay is paid to motorcycle officers, detectives and canine officers by contract.

Councilman Dotson asked about the budgeted amount for special pay proposed for the upcoming year.

Chief Dilling stated that the actual costs were down for the past year because the department was

short one motorcycle officer and the budget projection is based on a full staff.

To answer Councilman Dotson's question, Police Captain Peter Baan explained that sworn police personnel under contract receive a 5% merit increase if they receive a satisfactory evaluation. He explained that only 18 of the 43 sworn personnel are eligible for merit increases.

## **XII. Law Enforcement Trust Fund**

Finance Director William Alonso stated that the Law Enforcement Trust Fund is composed of two budgets. The first budget totals \$56,000 and the Community Policing budget totals \$81,281. All expenditures are paid from forfeiture funds.

Chief of Police Dilling said that the funds must be utilized or they will be taken back and that is why he comes to Council with recommendations for new programs.

City Manager Borgmann stated that the fund is very restricted as to the use of the funds.

Police Captain Baan explained that the City can spend the funds on items that are not normally budgeted, upgrades or new equipment. The current fund balance is a little more than \$1MM and every year a report is filed to show how much income was received and how much was spent.

Vice Mayor Garcia expressed his desire to establish a youth outreach program to reinforce their respect for law enforcement.

Assistant City Manager Gorland stated that the Police Department is involved in the recreation activities and anti-drug posters were placed in the various rooms in the Cavalier Annex. He explained they are developing a program for young police officers to speak to the children.

Chief Dilling said that Law Enforcement Trust funds are used primarily for crime prevention and education programs.

## **XIII. Information Technology**

Finance Director William Alonso stated that the Information Technology (I. T.) budget decreased 28% from the current year due to the payoff of the computer equipment lease. The budget includes \$18,200 for the document imaging system that was approved by Council and the addition of a part-time position. Overall, the budget is \$275,000 compared to \$382,000 for the current year.

Assistant City Manager Gorland introduced I.T. Manager Jorge Fonseca. He explained that Information Technology is a new department this year, which was justified in part on the estimated headcount requirements of 1.5 FTE's made during the budget process last year. Prior to establishing the department City Manager Borgmann and Captain Baan were helping with information technology.

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**The Council meeting was adjourned at 10:20 p.m. for five minutes.**

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Mr. Gorland stated that the under-estimation of headcount needs was in the amount of ongoing technical support required to sustain hardware, software, websites and communications systems for both the Police Department and the rest of the City. An additional part-time I.T. Clerk is recommended to cover the lighter technical hardware and software issues in order to provide more time for the manager to research, recommend and implement systems that will reduce overall costs and provide a more reliable operating environment (WIFI, H.T.E., ASP, etc.).

Assistant City Manager Gorland added that the City needed a back-up operations capability to protect documents, operations and communications in case of a disaster. He explained that the part-time I.T. Clerk would not increase the number of employees.

To answer Councilman Dotson's question, Mr. Gorland said that three or four WIFI antennas would be needed to cover the City at various locations, they are small in size and the police would be able to maintain communications.

Vice Mayor Garcia asked when the document imaging scanning system would be operational.

I. T. Manager Jorge Fonseca stated that the hardware had arrived and the software should be installed in September when each department will be analyzed to determine the work flow and training will be provided.

Assistant City Manager Gorland explained that the City Clerk is the Project Manager and the key department heads are on the project team.

City Clerk Magalí Valls stated that the API representative would begin the preliminary work with the various departments on August 16<sup>th</sup> to get started with the project.

Vice Mayor Garcia said that hopefully all the documents would be digitized, including the Council agenda packets. He asked if Council would be issued laptop computers in order to be able to access the documents and eliminate the paper copies.

City Manager Borgmann explained that the backup documents for the Council agenda could be displayed on the overhead projector screens.

Assistant City Manager Gorland stated that funds could be budgeted for a paperless agenda system.

Mayor Bain suggested budgeting funds for a paperless agenda that Council could use at their discretion.

Councilman Best said that he is would be in favor of a part-time employee to assist I. T. Manager Jorge Fonseca.

#### **XIV. Golf Course**

Finance Director William Alonso stated the most important highlight of the Golf Course budget is that it reflects a surplus of \$23,000 for FY 2006-2007. The FY 2006-2007 budget is \$125,712 or 8.3% less than the FY 2005-2006 budget.

Mr. Alonso said that the advertising budget significantly increased, revenue is budgeted to increase by 35% over the best year, and \$90,281 is requested for maintenance equipment, \$25,000 for repairs to the irrigation system and \$5,000 for building improvements.

Finance Director Alonso explained that after the Department of Golf was established that the operation began experiencing double digit revenue growth for the first few months before the greens renovation project began.

To answer Councilman Dotson's question, Mr. Alonso confirmed that the amount budgeted for Risk Management included the Club House operated by Carlos Santana.

City Manager Borgmann said that separate electrical meters were installed to monitor the electricity use for the Golf and Food and Beverage operation.

Finance Director Alonso said that Risk Management included the City's portion for insurance for the Club House, including liability insurance for the entire building.

City Manager Borgmann clarified that the City must provide coverage for all city owned buildings in order to protect the City's assets. He said that Mr. Santana has additional insurance coverage that protects his personal business interest.

**Mayor Bain requested additional information showing a breakdown of the insurance expenses.**

Councilman Dotson commented that \$39,545 is requested for Risk Management, which is a 200% increase over the \$11,704 projected for FY 2005-2006.

To answer Councilman Best's question, Mr. Alonso said that the increase is due to the way the insurance was figured under the operation of the former management company.

Mr. Alonso offered to provide the detail showing the breakdown of the insurance expenses under the previous management model.

In response to Council's question, City Manager Borgmann explained that the DMX music system was installed without authorization under a prior administration and the City was unable to cancel the contract.

Golf Director Mike Aldridge was optimistic that the Golf Course would be able to meet the goals and objectives for FY 2006-2007 and to answer Councilman Dotson's question, Mr. Aldridge stated that he is in the process of reviewing various options for the golf cart lease.

Vice Mayor Garcia stated that the separation of the golf and food and beverage operation under the new management model is saving the City \$300,000+ each year.

Assistant City Manager Gorland clarified that the Internal Revenue Service (IRS) regulations on the tax-free bonds do not allow the City to charge a fee for the use of the facility.

Mayor Bain stated that the transition of the management model for the food and beverage operation was a financial decision and the City is not subsidizing Carlos Santana.

#### **4. Adjourn.**

There being no further business to be discussed the meeting was adjourned at 10:55 p.m.

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Billy Bain  
Mayor

**ATTEST:**

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Magali Valls, CMC  
City Clerk

Approved as written during meeting of: 08/28/2006

Transcription assistance provided by S. Hitaffer

Words ~~-stricken through-~~ have been deleted. Underscored words represent changes. All other words remain unchanged.